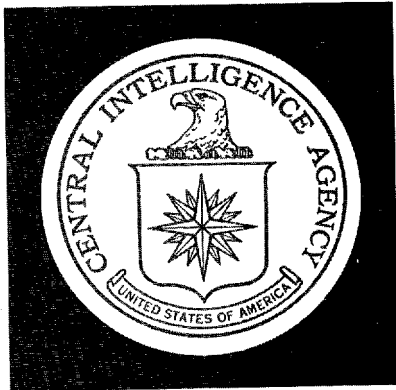


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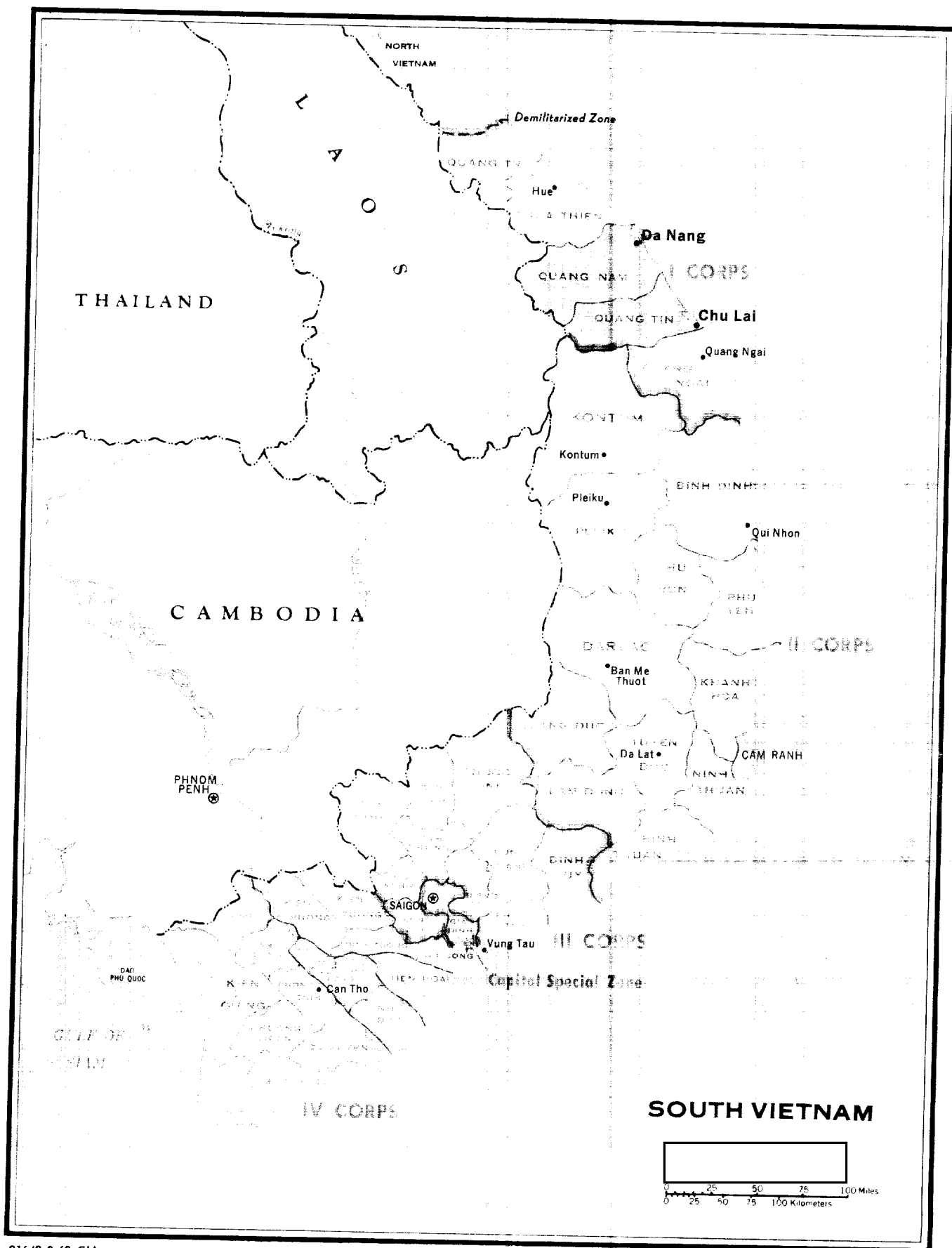
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South Vietnam: Indications of continuing enemy battle preparations have been noted in the northern provinces, in northwest III Corps, and in the delta.

Small-scale clashes between allied and Communist forces south of Da Nang and in an area west of Chu Lai tend to confirm that the Communists have moved into these regions in considerable force.

The most significant engagements on 6 August were patrol-sized skirmishes along the northern coast and two battles in the delta where South Vietnamese Army troops reported killing 65 Viet Cong. Allied losses were light.  (Map) ]

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Czechoslovakia-USSR: The Czechoslovak party presidium continues efforts to return the atmosphere within the country to normal.

The presidium has issued a communiqué which terms the Bratislava meeting a success. The communiqué, however, is more guarded about Cierna, saying only that a comprehensive and fruitful exchange of views, ending in important conclusions for further cooperation, had taken place there with the Soviets.

The presidium expressed the expectation that news media would continue to exercise voluntary restraint on domestic matters, but would be particularly careful when reporting on foreign affairs. The extent of such restraint on foreign affairs can be measured by Prague radio's neutral reporting, without commentary, of the communiqué on the Cierna and Bratislava talks issued on 6 August by the Soviet politburo. In the recent past, Prague radio might have chosen to reply to the Soviet implication that events in Czechoslovakia would bear watching.

The Czechoslovaks are still interpreting various statements they have made about the two conferences. Yesterday, for example, Defense Minister Dzur amplified Premier Cernik's earlier indication that Czechoslovakia would improve its defense potential. Dzur said that between now and 1970 no increase was planned in the army or in the military budget. This appears to be a concession which may lead to trouble with liberal politicians and economists, many of whom have been pressing for reductions.

The Czechs are also redirecting their attention to economic problems. Premier Cernik has acknowledged his nation's dependence on its CEMA partners for raw materials and food supplies and as a market

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for its machinery and equipment, but noted that CEMA remains in need of a substantial overhaul. Foreign Minister Hajek stressed in an interview on 6 August that strengthened trade ties within CEMA did not, however, preclude expanded trade with the West.

If the top-level meeting of CEMA member countries called for in the Bratislava communiqué is held in the near future, Czechoslovakia may expect to discuss new forms of assistance for its economic reform. The perennial intra-CEMA issues of pricing, establishment of partial currency convertibility, and policy on trade with the West may also come under discussion.

President Tito of Yugoslavia will visit Prague, in a show of support, from 9 to 11 August. Rumanian party boss Ceausescu is also widely rumored to have plans for a visit after Tito's for the purpose of signing a treaty of friendship and mutual assistance. The Rumanians appear to be disgruntled about the results of the Bratislava meeting and the fact that they were not invited to attend.

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Malaysia: Recent developments in Sarawak improve prospects for political stability.

Late last month the Privy Council in London dismissed an appeal by the autonomy-minded ex - chief minister of Sarawak, Stephen Ningkan, to invalidate his ouster from office by Kuala Lumpur in 1966. This decision apparently ends Ningkan's legal fight to regain office, and weakens the political prospects of the opposition Sarawak National Party, which he heads. It also apparently increases the chances that his party, or elements thereof, will re-enter the government's Alliance coalition, which it bolted after Ningkan's ouster.

Meanwhile, efforts by the Sarawak United People's Party, the predominantly Chinese- and Communist-penetrated opposition party, to achieve a coalition with Ningkan's party have been fruitless. As a result, the Alliance is now expected to win elections scheduled for about May next year by a narrow margin.

For its part, Kuala Lumpur has been attempting to mend its political fences in Sarawak. Senior officials have made visits in recent months in efforts to heal rifts in the Alliance as well as to entice the support of the National Party.

The government has also recently announced an ambitious land resettlement and development project which should draw some votes, particularly from the Chinese. Restrictions on land ownership by the Chinese in Sarawak are an important basis for their discontent and susceptibility to Communist subversion. The Communist apparatus received a severe blow last month when some 75 were arrested in a government security sweep.

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Indonesia-UN: The UN special representative on West Irian (New Guinea) appears to be taking a more relaxed view of his responsibilities for overseeing the "act of self-determination" which must be carried out there next year.

The representative had earlier appeared critical of Indonesia's plans for carrying out the agreement. The US United Nations mission reports that he now seems disposed to accept Indonesia's good faith in carrying out the commitment made when the Dutch relinquished control over New Guinea in 1962. He has also expressed his awareness of the difficulties involved, especially in working with isolated tribes who have had little contact with the outside world.

The UN representative is expected to arrive in Djakarta on 12 August and will probably proceed to West Irian shortly thereafter. The Indonesian Government must balance its intention to retain West Irian with a sufficiently representative expression of popular sentiment.

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Sierra Leone: The regime's heavy-handed treatment of its political opposition has sharpened tribal divisions in the country.

The harsh campaign of the northern-based government of Prime Minister Stevens to crush the opposition Sierra Leone People's Party (SLPP), composed largely of southern, Mende tribesmen, has brought the rumblings of discontent among the Mendes to the surface. A planned protest march and demonstration in Freetown by several hundred Mendes was cut short by the army and police on 3 August, and several arrests were made. A pro-SLPP newspaper has appeared, warning in its first edition of the dangers of a one-party system, and even Stevens' foreign minister, a Mende opposed to the SLPP faction, is chafing over what he considers persecution of his tribe.

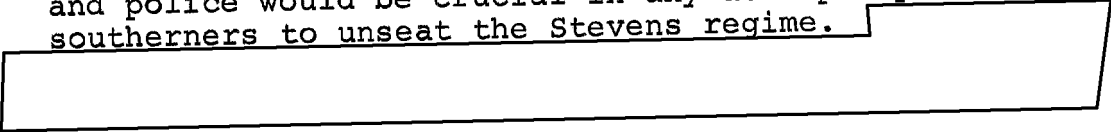
The government, dominated by left-leaning Temne tribesmen, shows no signs of easing its efforts to neutralize the SLPP as a political force. It has drastically reduced SLPP representation in Parliament by successfully challenging in the courts the seating of most SLPP members elected in 1967. The regime has also arrested and filed treason charges against several prominent Mendes, and harassment of Mendes for a variety of minor political offenses is continuing.

The Mendes are disorganized and lack strong leadership, but they could resort to force if intensive pressure by the northerners continues. One Mende source claims that acts of violence are being planned, including the freeing of Mende army and police officers imprisoned in the April mutiny and the burning of buildings in Freetown.

Stevens, heavily influenced by authoritarian-minded radicals in his party, could bring matters to

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a head by refusing to call or attempting to rig by-elections for the vacant seats in Parliament. The responsiveness of Mende rank and file in the army and police would be crucial in any attempt by the southerners to unseat the Stevens regime.



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Mexico: Students are threatening to call a nationwide strike if their demands are not met today.

Student demands have been expanded beyond immediate grievances such as disbanding the riot police and indemnification for injuries. They now include the release of all political prisoners and repeal of the constitutional article on "social dissolution"--a vaguely defined crime for which many political extremists are held.

The issue of student deaths is being revived with the formation of a teachers' committee to investigate the alleged disappearance of 30 students. The reassertion of the perennial demand for the release of jailed Communists has gained the support of leftist former president Lazaro Cardenas, who personally pressed the matter with President Diaz Ordaz.

Although the students have little apparent potential to carry through on their threat to bring teachers, workers, and peasants into a general strike, the government may be moved to some concession that would quiet the students at least through the Olympics this fall. A disruption of its large tourist industry would be a severe hardship for Mexico.

President Diaz Ordaz may, on the other hand, decide to seek public support for a tough line by appealing to Mexican nationalism. The government has already stretched the truth considerably in its effort to pin sole blame for the disorders on Communists and alien agitators.

[REDACTED]

[REDACTED]

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NOTES

Egypt-Israel: New trouble may be developing along the Suez Canal. Local UN observers report increased Egyptian activity in and along the waterway. This most recently included brief stops on the east bank by Egyptian soldiers and Egyptian antiaircraft fire directed at an Israeli reconnaissance plane flying east of the canal. There is no evidence that the Egyptians intend to initiate large-scale hostilities, but their activities obviously invite an aggressive Israeli reaction. [REDACTED]

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Brazil: A massive show of force by army and police units in Rio de Janeiro has so far prevented any significant student demonstrations. The state governor called for army assistance on 6 August, and as long as federal forces remain in evidence, student protests will probably be restricted to harassing "lightning" demonstrations. Students are unlikely to be quiescent for long, however. In addition to their pleas for needed educational reforms, they can now exploit such new issues as the arrest of key leaders and the death this week of a student wounded in the June riots. [REDACTED]

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Chile: The national assembly of President Frei's Christian Democratic Party took a step to the left in its election of a president and leadership council on 3-4 August. The new group is associated with presidential hopeful Radomiro Tomic, and its election gives him a strong push toward nomination for the presidential election in 1970. Tomic hopes to bring his party into an electoral alliance with a broad leftist grouping, presumably including the Communists. [REDACTED]

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